

26 February 1952

MEMORANDUM FOR: DIRECTOR OF CENTRAL INTELLIGENCE

Two interesting things happened on Capitol Hill yesterday:

1. Speeches were made in the House by Martin of Massachusetts, the Republican Leader, by McCormack, the Democratic Leader, and by Rankin, calling attention to the Communist infiltration in Latin America, particularly in Guatemala. The Denby articles were read into the Record. The point was made by both leaders that: "It should be of the deepest concern to every American Republic which believes in and hopes for the continuance of the Inter-American system, that the Guatemalan Communist threat to the American system be eliminated." (Martin)

"I have particularly warned our friendly Latin American neighbors, Latin American States who want us to remain good neighbors as Franklin Roosevelt made us good neighbors, of the misunderstandings as to Latin America's intentions towards the United States which can be engendered by the Guatemalan cancer." (McCormack)

2. In the Senate, the Subcommittee on Latin America of the Foreign Relations Committee, consisting of Green of Rhode Island, Sparkman of Alabama, and Hickenlooper of Iowa, had a hearing with Ed Miller of State Department before it. Miller was asked why he could not, on a finding of the President that Guatemala was a Communist country, impose embargoes upon coffee and bananas, as provided in a 1950 law. Miller acknowledged the situation was desperate in Guatemala; said State was doing its best but was at the end of its rope. He said they were afraid to impose embargoes because under our treaty system it might pull down the entire Latin American treaty structure.

As a result of this activity on the Hill, the Guatemalan envoy was queried today by the Press and stated that the Reds did not control Guatemala.

The UP dispatch to Latin America, concerning this Congressional activity, said that all countries of the Western Hemisphere should be aware of this danger.

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The Fruit Company properties have been set up for sale to pay the wages accrued during the shut-down from the hurricane, the sale being set for March 5th. The Company has been offered a deal by which it can buy time by consenting to a payment and I think it will make this deal.

CONCLUSIONS

The State Department is now in a hi-partisan box. It must look with favor on any steps taken by friendly Latin American countries to remove the Communist cancer or move itself with an embargo. I fear any third course will be met in the Appropriations Committee.

Stuart Hedden
Inspector General

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I hope you're*